

# DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 - DETROIT MI 48226 313.533.2940 FAX 313.963.8833

House Roads and Economic Development Committee

**Attn: Rep. Jeff Farrington (R-Utica), Chair**

Anderson House Office Building

124 N. Capitol Avenue

P.O. Box 30013

Lansing, MI 48909-7514

Dear Members of the House Roads and Economic Development Committee:

I'm writing to express my opposition to House Bills 4607 and 4608, legislation that would significantly hinder the efforts of local economic development agencies across the state in business attraction and retention efforts that result in jobs for Michigan residents.

We are seeing success in business development and attraction efforts. For example, Sakthi Auto Group recently announced a \$31M expansion with Detroit Mayor Mike Duggan that included the redevelopment of a vacant high school for warehousing and advanced manufacturing training and a newly constructed 100,000 square foot lightweight metal advanced casting facility. This project is a great example of state and local partners working together to incent investment and create jobs. It would not have occurred without the ability to leverage the tools offered by the Michigan Economic Development Corporation (MEDC).

In addition, our entrepreneurial and small business ecosystem has seen significant growth, which means jobs. Nationally, small businesses have generated over 65% of the net new jobs since 1995 and over 50% of the working population works in a small business. Slashes to MEDC's budget would potentially eliminate the many programs that assist small businesses including Small Business Development Centers that provide counseling, training and research for new ventures. Our region's SBDC has been an invaluable partner to many organizations working to grow small business in Detroit.

Now is not the time to slow down our economic development progress. Michigan, like Detroit, is competing with other states and large cities that offer much more lucrative incentives. Michigan ranked second in the nation behind South Carolina in employment recovery since the end of the Great Recession according to a report released last year by Business Facilities. In part, this was due to our ability to offer performance-based incentives to businesses.

A reduction in Business Development Program (BDP) funding will directly impact our corporate attraction efforts specifically on larger projects that offer higher wage jobs. Currently there are two projects awaiting BDP approval that would result in over \$30M in investment and nearly 300 jobs. In total, BDP has been used to leverage \$348M in investment in Detroit and has helped create 4,067 jobs. This investment and these jobs could not happen without the assistance of the BDP. The same holds true for the Community Revitalization Program (CRP) that has provided \$64.9M in incentives to 29 projects in Detroit. Sixteen of the 29 projects are brownfield plans that have either been approved for CRP or are currently applying for \$56M in CRP funding. Without CRP, \$590M in investment and 1,549 new jobs could have been lost.

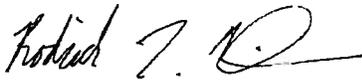


Funding to fix our crumbling infrastructure is critical to the long-term success of Michigan, but it should not occur at the expense of community revitalization and business development for our communities. Doing so is short sighted. Now more than ever, our commitment to growing Michigan's economy needs to be unwavering. Pitting roads against economic development is not a solution where any one wins, particularly Michiganders. Removing nearly half of MEDC's programmatic dollars will cripple Michigan's ability to compete and sends a clear message that local economic development doesn't matter.

The Detroit Economic Growth Corporation has worked with the MEDC on various programs over the years and we look forward to that continued partnership with the tools intact that allow us to market Michigan and Detroit as a place where companies large and small can come, remain, and grow.

Thank you for your attention to this matter. I encourage you to vote "NO" on House Bills 4607 and 4608.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodrick J. Miller". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rodrick Miller  
President & CEO

cc: Governor Rick Snyder  
House Speaker Kevin Cotter (R-Mt.Pleasant)  
Senate Majority Leader Arlan Meekhof (R-West Olive)  
House Democratic Leader Tim Greimel (D-Auburn Hills)  
Senate Democratic Leader Jim Ananich (D-Flint)